

Pioneering for You

wilo

Information for Wilo suppliers

Supplier Code of Conduct

Acting responsible along the supply chain



Dear Supplier,

The Wilo Group is committed to compliance with laws, social and ethical standards as well as to act in a responsible and sustainable manner. This is part of our Corporate Identity which is based on the ethical values of integrity, respect and fairness.

We assume responsibility for a value chain which is based on compliance with international laws and standards and applies the highest possible ethics.

Thus we have outlined in this Supplier Code of Conduct (hereinafter **SCoC**) our standards with regard to compliance with applicable law, human rights and non-discrimination, labor, ethics, health & safety and the environment.

Wilo strives to maintain a close, trustful and sustainable relationship with its suppliers based on the highest possible standards of business. Therefore we consider the principles outlined in this SCoC as essential conditions for a business relationship with Wilo.

This SCoC is a cornerstone of our Wilo Compliance Program and we believe it will foster the trusted cooperation with our partners, either customers or suppliers.

Kind regards,

Oliver Hermes
CEO

Peter Hermann
SVP Group Purchasing & SCM

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Acting responsible and compliant – you and your sub-suppliers

A. General Provisions

This SCoC applies worldwide to all suppliers, service providers or other companies (**suppliers**) which produce or deliver goods or provide services to the Wilo Group (WILO SE including its affiliated companies, hereinafter **Wilo**).

Furthermore, this SCoC applies to the suppliers' affiliated companies, sub-suppliers and sub-contractors. The supplier will use its best efforts to ensure that all of its sub-suppliers and sub-contractors involved in the Wilo supply chain adhere to the requirements and standards laid down in this SCoC.

The SCoC becomes an integral and binding part of the business relationship between Wilo and the supplier. Wilo expects all its partners in its supply chain, who provide material, products and /or services to Wilo, to comply with the principles laid down in this SCoC. In case of stricter national laws or regulatory requirements these will prevail over this SCoC.

Compliance with applicable laws and regulations

It is expected that the supplier complies with all applicable laws and regulations in all countries in which it conducts its business activities or from which Wilo obtains goods or services from the supplier.

Human rights and non-discrimination

The supplier respects and supports compliance of internationally recognized human rights. The supplier commits, within the scope of prevailing laws and statutes, to oppose to all forms of discrimination, including, but not limited to, with regard to its employees and business partners. Any discrimination based on race, color, age, gender, ethnicity, origin, nationality, sexual orientation, religion, disability, pregnancy, political affiliation, union membership, marital status or due to any other personal characteristics is prohibited.

This SCoC for suppliers and service providers and their sub-suppliers ensures compliance along Wilo's supply chain.



Treating employees with dignity and respect

B. Labor Standards

Wilo is committed to uphold human rights of workers and to treat them with dignity and respect as reflected in our Corporate Values.

We expect our suppliers to obey the conventions laid down by the International Labor Organization (ILO) and the SA 8000 standard issued by Social Accountability International (SAI). This applies to all workers including temporary, contract and direct employees.

Prohibition of forced labor

Any form of forced, bonded or indentured labor, involuntary prison labor, slavery or trafficking of persons is prohibited. All work and service are voluntary and workers are free to terminate their employment according to the contractual terms agreed.

Prohibition of child labor

Child labor is not exercised at any stage of business activities. The term "child" refers to any person employed under the age of 15 years; in exceptional cases only, e.g. in those countries subject to the developing country exception of the ILO Convention 138, a minimum age of 14 years may be acceptable.

Working hours

Working hours per day and week are not to exceed the maximum set by local law. The standard working hours of a week should not exceed 48 hours and the complete working hours of a week (including overtime) should not exceed 60 hours, except in emergency cases. Employees shall be allowed at least one day off per seven-day week.

Remuneration

Remuneration paid for regular working hours and overtime shall be fair and in compliance with national statutory wage minimums or industrial standards. The supplier is obliged to pay remuneration which covers the basic requirements.

Unauthorized deductions as well as deductions as disciplinary measures are prohibited. Any additional benefits as specified by national regulations must be paid.

Treatment of employees

Employees are treated equally and without prejudice. Unacceptable treatment of employees such as mental cruelty and sexual harassment is not tolerated at all.

Freedom of association

Employee's rights to associate freely, to join or not to join labor unions and workers' councils in accordance with local law and to conduct collective negotiations shall be respected. Employee representatives are to be protected against any kind of discrimination. Employee representatives may contact their colleagues at their workplaces and exercise their duties without any restrictions other than defined by national regulations.

Fair conduct towards employees is ensured by adherence to ILO and SA 8000.

Employees are respected as free human beings.

ILO Convention 29

Child labor is prohibited.

ILO Convention 138

Working time is limited to max. 60 hours and 6 days per week.

ILO Conventions 1 and 14

There is an appropriate remuneration for work which covers at least the employees' basic requirements.

ILO Conventions 26 and 131

Employees are treated equally and without prejudice.

ILO Conventions 111 and 159

Employees have freedom of association.

ILO Conventions 87, 98, 135 and 154



Trustful and productive co-operation based on integrity, respect and fairness

C. Ethical Standards

Integrity, respect and fairness are the key ethical values that determine Wilo's Corporate Identity and the way we want to establish a trustful and productive co-operation with our business partners.

We expect our suppliers to apply the highest standards of integrity throughout their business activities and relationships.

Integrity, anti-corruption and compliance program

Supplier's executive management is expected to set a clear tone and implement measures to prohibit any forms of bribery, corruption, extortion and embezzlement.

The supplier is not allowed in the course of business dealings to offer, promise, demand, give or accept gifts, payments, invitations or services that are provided with the aim of influencing a business relationship in a prohibited way or which cause the risk of jeopardizing the professional independence of the business partner.

Company-wide compliance programs or ongoing efforts of monitoring business activities with respect to their legal compliance and the prohibition of corruption are to be implemented as well as reviewed and updated on a regular basis by the supplier. In particular binding rules for the offering and acceptance of courtesies and a regular information and training of employees on ethical business behavior are expected.

Courtesies and invitations

A "courtesy" in this sense is any type of benefit that goes beyond the contractually agreed payment and could be exploited by an individual. This includes cash, gifts, any form of hospitality, meals, sporting and entertainment events, tickets, accommodation, perks, services, price reductions and other benefits.

Suppliers of Wilo are obliged not to influence the decision making process of officials (such as civil servants or government employees) or private business partners by making any offers of payment of courtesies or similar gratuities.

Courtesies in the form of money to either a Wilo employee or an associated person (e.g. a family member) of a Wilo employee are prohibited. Any gifts to a Wilo employee are prohibited if they exceed a cumulated value of 30 EUR per year. Suppliers are obliged to never present gifts in secret. Sending gifts to a private address of a Wilo employee is prohibited as well.

Invitations to Wilo employees are only acceptable, if at least 70% of the time of the relevant event has any business or professional relevance (e.g. in the form of presentations, product information or trainings).

Any non-professional or non-business aspect of an invitation (e.g. hospitality, events, accompanying program, sightseeing and business lunch) must not be the main reason for the invitation and must, in any event, be appropriate. It is appropriate if it reflects standard local business custom.

Bearing costs of non-business aspects of an invitation by the supplier is strictly prohibited in case of an upcoming quotation, contract negotiation or sourcing decision of Wilo. This applies to a period of at least 3 months prior to and after such a quotation or negotiation process or sourcing decision.

Integrity, respect and fairness are the key ethical values for Wilo.

Commercial practices like bribery and corruption are unacceptable.

Courtesies are limited to 30 EUR max. and never take place in secret.

Invitations must be strongly linked to business, at least 70% of the time.

Disclosure of information

Information by the supplier regarding its business activities, structure, financial situation and performance is to be disclosed in accordance with relevant regulations and prevailing industry practices. Falsification of records or misrepresentations of conditions or practices in the supply chain are unacceptable.

Any business information given reflects the true picture.

Intellectual property and trade secrets

Intellectual property rights are to be respected thoroughly by the supplier. The transfer of know-how and technology is to be conducted in a manner that sufficiently protects intellectual property rights. The supplier and its employees are required to safeguard trade secrets. Confidential information concerning Wilo must not be released, passed on to third parties or made available in any other way without prior written authorization by Wilo.

Confidential information, design and copyrights are respected.

Privacy

Privacy and information security laws as well as regulatory requirements with regard to the collection, storage, processing, transmission and sharing of personal information are to be adhered to.

Personal data is processed in line with local law and other requirements.

Conduct vis-à-vis competitors

The supplier respects fair competition. Thus the supplier adheres to existing laws that uphold and promote competition, in particular prevailing anti-trust laws as well as laws that regulate competition.

Conflict minerals

The supplier is obliged to provide reasonable assurance that so called "conflict minerals" like tantalum, tin, tungsten and gold in the products sold to Wilo neither directly nor indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses in the Democratic Republic of the Congo or an adjoining country (see also section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act about the use of conflict minerals).

Due diligence is to be exercised on the source and chain of custody of these minerals. Relevant measures are to be documented, e.g. by means of the EICC/GeSI conflict minerals reporting template (available via www.conflictreesmelter.org). Measures taken are to be made available to Wilo upon request.

Conflict minerals are sourced in a way that human rights are not abused and no conflicts are financed.



Occupational health & safety, a matter of course

D. Health & Safety Standards

Wilo believes in the crucial importance of a clean and safe work environment for employees. Compliance with all regulations in respect of health and safety at work is a matter of utmost importance to us.

We expect our suppliers being clearly committed to occupational health and safety, to apply generally accepted standards like ILO convention 155, to assign corresponding responsibilities and to establish an occupational health and safety management system in accordance with OHSAS 18001 or equivalent. This should be adapted in accordance with the supplier's risk profile and size.

Occupational safety

The exposure to potential safety hazards are to be controlled by a proper process and workplace design, safety regulations and ongoing safety trainings. Furthermore, workers are to be provided with appropriate personal protective equipment.

Emergency readiness and response

Hazards and emergency situations are to be identified and assessed and the related impact is to be minimized by precautionary measures, emergency plans and response procedures. Incidents are to be tracked, reported and further investigated to enable corrective actions.

Sanitation, hygiene and living conditions

Workers are to be provided with clean sanitary facilities and potable water as well as sanitary food preparation and eating facilities. If provided by the supplier, workers' dormitories are to be maintained as clean and safe.

Employee health and safety must be ensured at all cost.

Trainings, design of processes and workplaces and protective equipment prevent accidents.

Emergency plans are implemented and regularly revised.

Proper sanitary and eating facilities are provided.



Protecting our environment while doing business

E. Environmental Standards

Wilo products are of essential importance for the fundamental requirements of life and the conservation of our environment for future generations. Linking economic efficiency and environmental protection is therefore a central issue in the Wilo Group and is decisive for our operations and actions.

Thus we expect our suppliers to act responsibly and to limit potential adverse effects of business operations on the community, environment and natural resources to a minimum. We consider the existence and effectiveness of a suitable environment management system on the basis of ISO 14001 or EMAS standards as mandatory for all our suppliers.

Environmental permits and disclosure requirements

All mandatory environmental permits, approvals, registrations and licenses required for the business operations of the supplier are to be obtained, documented, maintained and kept current. Disclosure and reporting requirements are to be thoroughly followed.

Pollution prevention and resource management

Waste, emissions and the consumption of resources like energy and water are to be kept to a minimum. The supplier is expected to constantly assess and improve its business operations by measures such as modifying production, maintenance and facility processes as well as re-using and recycling materials.

Hazardous substances

Substances posing hazards to the environment (if discharged) are to be identified and managed to ensure proper handling, transportation, storage, use, reuse or recycling and disposal. Restrictions of the use of hazardous substances (RoHS) as stipulated in Directive 2011/65/EU of the European Union are to be followed for all materials, parts, components, semi-finished goods and trade goods delivered to Wilo.

Furthermore, the requirements regarding the registration, evaluation, authorization and restriction of chemicals (REACH) as defined in the European Union Regulation No. 1907/2006 are to be observed for all goods supplied and deliveries made to Wilo.

Wastewater and solid waste

Any waste and solid waste generated from operations, industrial processes and sanitation facilities are to be specified, monitored, controlled and treated as required prior to discharge or disposal. When using third party waste management providers, proper documentation and evidence on the compliant processing and disposal are to be kept as well.

Air emissions

Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals or combustion by-products generated from operations are to be specified, monitored, controlled and treated as required prior to discharge.

We minimize the impact on community, environment and nature as much as possible.

Any environmental documents needed for operation must be obtained, archived and disclosed as required.

We use resources purposefully and economically and minimize waste.

Hazardous materials are avoided, handled diligently and, if possible, reused or recycled.

Measures are taken for appropriate disposal of waste from operations and evidence kept.

Emissions are to be avoided.



Establishing transparency – from self-assessments to audits

F. Monitoring Approach

Wilo expects a clear commitment of its suppliers towards this SCoC. Thus the supplier shall prepare and maintain appropriate records to demonstrate compliance with this SCoC. To ensure sustainable compliance, Wilo applies the following methods which are embedded into our supplier management approach.

The degree of monitoring compliance with this SCoC depends on the extent and nature of the business relationship as well as the service and risk profile of the supplier with regard to the requirements stated in this SCoC.

Self-assessments

Wilo expects its suppliers to perform a self-assessment regarding its compliance with the standards and regulations for legal compliance, human rights and non-discrimination, labor, ethics, environment, health & safety and conflict minerals treatment based on a questionnaire.

The supplier is expected to acknowledge by signature, that the answers to the questionnaire are prepared truthfully, comprehensively and to the best of its knowledge. The supplier is not requested to disclose any trade secrets when answering the questionnaire. The supplier will have to answer the questionnaire upon request and is expected to answer the questionnaire within four weeks after receipt of the questionnaire sent by Wilo.

Regular on-site audits

As part of our ongoing supplier quality audits, which can be carried out by Wilo or third party auditors authorized by Wilo, the sustainable compliance with the requirements of this SCoC will be verified at the supplier's premises. If the audit is conducted by a third party auditor, such auditor will be subject to an obligation of confidentiality.

Incident driven audits

In case of severe and confirmed suspicion of a contravention of this SCoC, incident driven audits with a sole focus on the compliance with this SCoC are carried out, either by Wilo or third party auditors. If the audit is conducted by a third party auditor, such auditor will be subject to an obligation of confidentiality.

Audits (i.e. regular on-site audits and incident driven audits) are only carried out following prior notification by Wilo (which may be shorter in case of an incident driven audit), within the usual business hours and according to local laws. Wilo will ensure that the supplier's business activities will not be interrupted, that confidentiality agreements with third parties will be complied with and that all personal and business information obtained in the audit will be handled in line with applicable legal regulations, treated as strictly confidential and used only for the purpose of the audit.

Disclosure of certificates and registrations

The supplier is obliged to provide all relevant certificates and registrations related to its business operations to Wilo upon request. Wilo assures that all information provided will be kept confidential.

Wilo monitors compliance with this SCoC.

Self-assessments are demanded by Wilo and must be answered conscientiously.

Compliance with the SCoC is considered during our regular on-site supplier audits.

In case of breach with this SCoC Wilo carries out case related supplier audits.

Upon request relevant certificates and registrations are submitted to Wilo.



Achieving compliance – taking corrective measures

G. Failure to comply

Corrective actions

In case of non-compliance with the requirements of this SCoC, Wilo and the supplier will agree on corrective actions to be implemented within a suitable time frame. As part of our Wilo supplier management approach, all measures agreed will be closely monitored up to final resolution. Thus the overall compliance with the SCoC as well as the proper implementation of counter-measures in the event of a breach will be part of our supplier qualification, evaluation and development process.

In case of non-compliance Wilo and the supplier agree on corrective actions, which will be followed-up.

Termination right

Wilo is entitled to terminate the business relationship, including any subordinate delivery or services agreements, in the event of (i) severe non-compliance with the regulations stated in this SCoC or (ii) ongoing non-compliance with the regulations stated in this SCoC following a failure to implement corrective actions as mentioned in the preceding paragraph. Before exercising the termination right, Wilo has to set an appropriate deadline to remedy the non-compliance, unless the non-compliance is so severe that Wilo cannot be reasonably expected to be bound by the relevant contract any longer; in the latter case, Wilo has a right to terminate the relevant contract with immediate effect.

Wilo has the right to terminate business relationships in case of severe or continuous non-compliance.

The termination may extend to the entire business relationship or only to parts thereof, at Wilo's discretion.



Your reference for responsible and sustainable operations

H. References

The following standards were used in preparing this SCoC and might be useful as reference and source of further detailed information.

- Dodd-Frank Wall Street Reform and Consumer Protection Act
(www.sec.gov/about/laws/wallstreetreform-cpa.pdf)
- Eco Management & Audit System
(www.quality.co.uk/emas.htm)
- Electronic Industry Citizenship Coalition and Global e-Sustainability Initiative
(www.conflictreesmelter.org)
- ILO Code of Practice in Safety and Health
(www.ilo.org)
- ILO International Labor Standards
(www.ilo.org/dyn/normlex/en)
- ISO 14001
(www.iso.org)
- OHSAS 18001
(www.bsigroup.com)
- REACH – Registration, Evaluation, Authorization and Restriction of Chemicals –
European Union Regulation no. 1907/2006
(http://ec.europa.eu/enterprise/sectors/chemicals/documents/reach/index_en.htm)
- RoHS – Restriction of the Use of Hazardous Substances –
Directive 2011/65/EU of the European Union
(http://ec.europa.eu/enterprise/policies/european-standards/harmonised-standards/restriction-of-hazardous-substances/index_en.htm)

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